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S E C R E T SECTION 01 OF 02 DAMASCUS 000054

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NSC FOR SINGH
TREASURY FOR GLASER

E.O. 12958: DECL: 01/23/2027
TAGS: EFIN, ETTC, PGOV, PREL, PTER, SY
SUBJECT: ATTACKING BASHAR'S MONEY

REF: A. 07 DAMASCUS 2066
B. 07 DAMASCUS 1926
C. 07 DAMASCUS 68

Classified By: CDA Michael H. Corbin for reasons 1.5 b/d

1. (S) Summary. As Washington policy makers consider ways to pressure the regime, one possibility would be to go after President Asad's money-men. Four individuals Asad uses to make and move money are Zuhair Sahloul, Nabil Kuzbari, Asad's uncle Mohammad Makhoul, and his father-in-law, Fawas Akhras.

Each is important to Asad and each plays a somewhat different role in facilitating regime graft. End summary.

2. (S) Sahloul (AKA Abu Shafic) is the most important black-market money changer in Syria. When the Syrian Pound (SYP) devalued precipitously in the fall of 2005, the SARG gave Sahloul an office in the Central Bank and access to its

hard currency reserves so he could intervene in the black market to stabilize the currency. (Note. Sahloul was surprisingly effective and within weeks the SYP appreciated 20 percent, allowing Sahloul in the process a handsome profit for both himself and a handful of regime-insiders. End note.) Sahloul moves Asad's money using his own network and his access to Hawalis worldwide. A Sahloul intimate bragged to us recently that Sahloul could move ten million dollars anywhere in the world in 24-hours.

3. (S) In addition to being the father of Syria's poster-boy for corruption, Rami Makhlouf, Mohammad Makhlouf has long served as a financial advisor to the Asad family. If Rami is the face of corruption, Mohammad is the brain. When Asad agreed to open the telecom sector to cellphone providers, it was Mohammad that some credit with conceptualizing the deal whereby Rami took over the first provider, SyriaTel, (long Rami's biggest cash-cow), and the second license (originally to SpaceTel, then Areeba 94, and now MTN) went to the first-lady's family (see para five below). Long held in check by his brother-in-law, the late president Hafiz Asad, under Bashar Asad, Mohammad's avarice reportedly has no bounds. As a result, the Makhloufs have had an at-times problematic relationship with Bashar and were forced to leave the country for a number of months in 2005 following one particularly heated exchange.

4. (S) Because of the Makhlouf's excesses and Asad's inherited propensity to limit the power and influence of his family members, Nabil Kuzbari has played an increasingly important role for the first-family. Known locally as "the Paper King," Kuzbari's base of operations has long been in Vienna. In the last two years, however, he has developed an increasingly collaborative relationship with Rami and Mohammed Makhlouf. Last year he served as Rami's frontman in establishing his holding company, Sham Holding, which brought together 70 of Syria's most-important business families to fund a number of Rami's most ambitious entrepreneurial projects. In addition to lobbying European politicians to engage the Asad regime, Kuzbari reportedly uses his contacts in the Austrian business and banking circles to move regime assets abroad.

5. (S) In addition to being Asad's father-in-law, Fawas Akhras has been increasingly active in business here in Syria. Akhras is the force behind the Syrian-British Business Council and recently put together a visit to London by a large group of Syrian businessmen. Coming only lately to business, Akhras has stepped on a number of established business families who increasingly resent his assertiveness and willingness to use his son-in-law's position to advance his nascent Syria-based businesses. Contacts in the banking sector have commented on the large amount of funds that have begun to move recently through his accounts. A long-time resident of London, he is suspected of being another avenue used by Asad to stash funds abroad.

6. (S) Comment. Post has long advocated moving against individuals, like those listed above, who are integral to allowing the regime to profit from its corruption. Taking action against those linked to corruption is a win-win proposition: not only does it bring pressure on the regime where it hurts most - its pocketbook, but such a move would also be popular with the average Syrian who is the most common victim of the regime's avarice.

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